

PRIVILEGED & CONFIDENTIAL**ICHEIC MEETING WASHINGTON 4-5 APRIL 2000****Valuation: Report by ICHEIC London****Guide to Valuation Procedures**

Although there are still some unresolved issues, they mainly affect only a few cases. It has therefore been possible to produce a set of guidelines for use by the companies in assigning values to valid claims and for reference by ICHEIC and its agents, including the Appeals Panel. The guide brings together in the form of a working document the decisions taken on the determination of policy values and their revaluation to current levels. The guide is being circulated now to ICHEIC as a separate paper with this note for information and in the hope that it can be used more widely and, in due course be published.

Open Issues

There remain a few unresolved issues. Where they affect the Guide, they are highlighted in the text.

Valuation for 2000 and after

The valuation decisions brought value up to the end of 1998. For 1999 figures are available (and have been incorporated in the multipliers) for all relevant countries except France & Belgium. We hope shortly to bring the table of multipliers fully up to date.

For offers made after the start of the year 2000 further updating will be necessary. One problem is that consistent data on bond yields does not become available until some time after the event. Rather than delay and in order to simplify administration, the proposed procedure is to

- Adopt the published annual bond yield of a representative government bond on the first day of business for the New Year
- Add to the offer a fraction of the yield, amended at quarterly intervals (from 1 April 2000; offers made before are being handled differently by the companies)
- Thus the fractions are $\frac{1}{4}$ of the bond yield up to 30 June, $\frac{3}{4}$ from then to 30 September and the full yield from then until the end of the year.
- The process would be repeated in 2001

It is suggested that this proposal should be further discussed with the members of the Valuation Group. They are embodied in paragraph 13 c of the Guide.

Average Values

ICHEIC agreed at its last meeting to base the payment of valid claims – for which no policy value was known – on the average policy values in each market estimated by the Pomeroy/Ferras task Force updated by the agreed multipliers for each country. A revised list of these values, with their dollar equivalents in current terms is attached to this note. It should be stressed that the data available to the Task Force for some countries (especially Belgium and Holland) was uncertain, and therefore, if ICHEIC endorses the

figures shown here they should be prepared to review them if better information becomes available.

Greek Policies

A proposed multiplier for the valuation of Greek policies is being discussed with the company and Jewish representatives.

Foreign currency policies

Some if not all East European governments required the conversion into local currency of policies denominated in foreign currencies (e.g. dollars, Swiss Francs). The historical circumstances are being investigated.

Policies which were surrendered or converted to paid up status

A question which has been raised is whether policies that were surrendered or converted to paid up status before or during the Holocaust, are covered by the decisions taken so far.

In his clarification of the Decision Memorandum of 6 August, dated 3 November 1999, the Chairman said

"A question has been asked about the meaning of the reference to paid-up policy values in paragraph 1.5 of the Decision Memorandum. My intention was that, where a policy has been demonstrably converted by the policyholder to paid up status, the paid up value would be substituted for the original sum insured. I understand that the Valuation Sub Group is still considering the issue for both Eastern & Western Europe of how to value policies in cases where the payment of premiums on the policy lapsed because the policyholder was unable to pay them because of Holocaust persecution."

The Valuation Sub Group agreed on 4 November a method for treating policies where the record of premiums was incomplete because of the Holocaust.

It would be consistent with these decisions and agreements to say that

- i. Policies of Holocaust victims which had been converted to paid up status, either before or after the start of the Holocaust, would be valued according to ICHEIC valuation criteria on the base value of the paid up sum
- ii. Policies which had been surrendered before the start of the Holocaust (for which the Valuation Group agreed a set of dates for each country) were paid off by the company. They would not be part of the ICHEIC process.
- iii. Policies which had been surrendered after the start of the Holocaust would be regarded as paid by the company. There may have been circumstances where the payment was not received by the policyholder because they were paid to a third party or into a blocked account. The ICHEIC still has to determine rules for handling such claims.

**Estimates of Average Insured Policy Values
Annex**

At the last ICHEIC meeting the Chairman concluded after some discussion that the amount to be paid on valid claims where the policy value was not known should be the average market value of life insurance policies in each market

The table attached shows the average sum insured pre war for life insurance policies estimated by the Pomeroy/Ferras Task Force, derived from the market data. The main source was the Assekuranz Jahrbuchs for the relevant years. For some countries the Task Force used national statistical publications or other sources.

The table then shows the multipliers agreed by ICHEIC and applies these to the average values (for Eastern Europe the sums are converted first into dollars at the approved depreciated rate). The final column converts all the values into dollars at the current exchange rates for the purpose of comparison.

Some of the apparent divergences between countries are explained in the footnotes to the table.

It is assumed that the payments will be in local currency for Western Europe and US\$ for Eastern Europe.

Average insurance policy sums insured at current values¹

	Average sum insured	ICHEIC multipliers 1941-99 ²	exchange rates end 1938 ³	exchange rates March 2000	current value local currency Western Europe	\$ values of today
Austria	Sch. 1246	60	0.1873	0.0699	74,760	5226
Belgium	BFrs. 5250	48	0.0338	0.0238	252,000	5998
France	FFrs. 20,744	1.268	0.026253	0.1465	26,303	3853
Germany	RM. 841	1.2 ⁴	0.401	0.4915	1,009	496
Italy	L. 9355	980	0.052604	0.0005	9,167,900	4584
Neth'Inds	'G. 1717	34	0.543944	0.4362	58,378	25464
Bulgaria	L. 26,559	10	0.00863			2292
Czech	Kcs. 12,070	10	0.024			2897
Hungary	P. 827	10	0.1376			1138
Poland	Z. 2425	10	0.1323			3208
Romania ⁶	L. 15,192	10	0.00509			773
Yugoslavia	D. 24,080 ⁷	10	0.01594			3838

¹ The source for the average policy values is the Assekranz Jahrbuchs for the relevant years nearest to 1938. This was the source used by the Task Force.
² The base year 1941 is used as nearest to the insured event. The final year is 1999 except for Belgium & France (1998).
³ Official rates for Western Europe for end 1938. ICHEIC discounted rates for Eastern Europe
⁴ The multiplier for Germany is 1.2X. This figure was put forward by the companies in evidence to the Task Force as the appropriate multiplier using the BEG method and a multiplier of 8X for the period from 1970 to the present.
⁵ The average used by the Task Force from Dutch official sources. The US Treasury Dept report Nov 1944 gave Gulden 1763 for ordinary life and Industrial policies combined - G.3788 for ordinary life alone. The lowest figure has been used here.
⁶ No figures for policy numbers available for Romania. The above figure has been derived by taking the average sum insured per head and applying the same factor for the number of policies per head as in Bulgaria.
⁷ The average policy value for Yugoslavia has been taken from a 1944 Federal Reserve Board report. If the same process for deriving averages is used as for Romania, the average sum insured current value becomes \$966.